

SUMMARY MINUTES

DEFERRED COMPENSTATION & DEFINED CONTRIBUTION PLAN OVERSIGHT COMMITTEE MEETING

Date: February 4, 2019

Time: 10:00 AM

Place: City Hall
Council Chambers, 3rd Floor
501 Palm Avenue
Hialeah, FL 33010

Agenda

1. Call to Order

Meeting was called to order at 10:15 a.m. by Chair Ricardo Fernandez

Roll call

Members Present:

- Ingrid Camino-Hernandez
- Ricardo Fernandez
- Ines Beecher
- Robert Lloyd-Still

Members Absent:

- Michael Cofresi
- Hillah Sara Mendez
- Armando Vidal

- Mr. Eric Johnson, President of IAFF, Local 1102, was at the meeting sitting as appointee for the Local 1102 and voted on the Committee items. However, Mr. Johnson is not been appointed by Council as a Committee member. Mr. Cofresi resigned from the Committee on September 6, 2018, and no new appointment has been made. Mr. Johnson's presence for quorum will not be counted and votes on Committee items for majority passage will not be on Committee items will not be counted.

Also Present:

- Frank Wan, Burgess Chambers & Associates

2. Meeting Minutes of August 6, 2018

Ms. Beecher motioned to approve the minutes and Mr. Fernandez seconded the motion. Motion passed unanimously to approve the minutes

3. Quarterly Report on Plans/Presentation by Frank Wan, Burgess Chambers & Associates

Mr. Wan discussed the Duke University lawsuit settlement in the ERISA fiduciary case, paying \$10.65 million to the claimants in the university's 403(b) plan.

Mr. Wan also mentioned the upcoming East Coast Defined Contribution Conference offered for free to members. The Education Policy Statement has an added Appendix I-Service Guarantees. Nationwide is placing \$10,000 toward performance guarantees on various benchmarks. Each benchmark measure has an amount at risk and if Nationwide does not meet the performance, the amount is forwarded to the City for the Committee education fund. Pending City legal approval, Mr. Wan requested Committee approval to proceed with the added appendix to the Education Policy Statement. Mr. Fernandez motioned to approve the appendix and Ms. Beecher seconded the motion. Motion passed to approve the appendix to the Education Policy Statement.

SUMMARY MINUTES

DEFERRED COMPENSTATION & DEFINED CONTRIBUTION PLAN OVERSIGHT COMMITTEE MEETING

Mr. Wan provided the quarterly report and newsletter on the performance of the investments but foregone discussion on the item to review upcoming changes to the Nationwide contract. On December 11, 2018, the City Council approved the award of recordkeeping services to Nationwide. Following the approval, the legal teams have met several times to complete the contract issues. Mr. Wan mentioned the addition of cybersecurity to the contract which Mr. Lloyd-Still is working on with the City legal team.

Ms. Beecher requested communication to participants of the upcoming changes and Mr. Wan assured her it will be forthcoming as the transition will take between 90-120 days to complete. Nationwide will draft communication for review and will be on site to answer any further questions. The guaranteed fixed account will also be explained as the interest rate is changing through the contract period. Ms. Camino-Hernandez requested clarification on payroll deductions and Ms. Avello, Program Director, Nationwide responded it will remain the same.

4. Report on Nationwide Funds

Ms. Patty Avello stated the last quarter showed further investment diversification by the participants, indicating education progress is working for the City.

Ms. Avello presented two reports titled "Gauging Success" and the "Retirement Readiness Report." Hialeah is on the cutting edge with its committee work. One point in the Gauging Success report is the ProAccount Participant Count increased by 11.7%, indicating the participants' diversification changes from the fixed account. The Readiness Report indicated a 22% retirement readiness for the participants in the plan.

Ms. Avello spoke on the transition period of 90-120 days. After the transition, an intense 3-4 day workshop schedule will be implemented to address the changes, at their work locations, and will send communication to the participants. Nationwide is committed to 12 days of education and 12 financial planning sessions per year.

Mr. Lloyd-Still inquired if Nationwide is still going to meet with the new hires as he believes some are still slipping through the cracks. Ms. Camino-Hernandez indicated the Retirement Office does advise new hires about Nationwide. Ms. Avello stated Nationwide is working on a plan to address this concern.

5. Report on ICMA-RC Funds

Mr. Miguel Hidalgo, Retirement Plan Specialist, stated how the last quarter market volatility led to more interaction with the participants and the need to reassure them on how the markets work. Only 12% of the participants are in the ICMA Stable Value Plan. The low Stable Value Plan percent participation reflects ICMA emphasis on investment diversification and a younger demographic in the plan. ICMA was going to offer an education session but it is on hold due to the coming changes in the City contract.

SUMMARY MINUTES

DEFERRED COMPENSTATION & DEFINED CONTRIBUTION PLAN OVERSIGHT COMMITTEE MEETING

6. Unfinished Business

Ms. Beecher presented the Recordkeeping Services council item to the Committee which was approved December 11, 2018. Mr. Wan has already explained it quite well and will entertain any other questions. No further discussion on the item.

7. New Business

Mr. Fernandez requested approval to pay the Burgess Chambers invoice for \$11,774.70. Ms. Beecher seconded the motion. Motion passed unanimously to pay Burgess Chambers invoice.

Ms. Beecher discussed the Investment Services Agreement, approved by City Council on November 27, 2018, for \$47,600. The amount can change due to fund performance as the fee is a percent of the fund's assets.

Mr. Lloyd-Still discussed the Fiduciary Liability Insurance agreement approved by City Council on December 11, 2018. The insurance is a \$5 million policy, zero deductible, and covers several committees and health insurance programs in the City.

Mr. Fernandez mentioned he will be attending the East Coast Defined Contribution Conference and it is free for members to attend. It is in Ft. Lauderdale from March 10-12. Those can attend, please inform the City Clerk, who will register the committee members as a group.

Mr. Fernandez discussed the NAGDA conference, September 8-11, in New Orleans this year. Ms. Beecher discussed the Committee internal travel process is the same as the City process but to note it will be reimbursed by the Committee education fund. Ms. Beecher will work with Ms. Aedo on the process.

Ms. Beecher discussed the 2018 Accomplishments Report, with 124 participants reviewed their retirement readiness, the ICMA plan grew to \$3.3 million and the Nationwide plan to \$64 million, and anticipated administrative savings of \$176,000 with the new recordkeeping services contract. Mr. Fernandez requested approval of the report to send to City Council and Ms. Beecher seconded the motion. Motion passed unanimously to forward the report to City Council.

Ms. Beecher discussed the internal administrative change approved by City Council on November 13, 2018, Ordinance 2018-120. The Library, Education and Community Services, and Retirement have been approved as Departments. The Retirement Department will now be the administrator of all the City retirement plans and deferred compensation plan.

Meeting ended at 11:13 am with the next meeting set for May 6, 2019, 10am, in City Council Chambers.